

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS:
BUTTER (3/31): Grade AA closed at \$0.9500. The weekly average for Grade AA is \$0.9750 (-.1417).

CHEESE (4/1): Barrels closed at \$1.3125 and blocks at \$1.3300. The weekly average for barrels is \$1.3038 (+.0053) and blocks, \$1.3300 (N.C.).

NONFAT DRY MILK (4/1): Extra Grade closed at \$1.0150 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0150 (-.0045) and Grade A is \$1.0500 (N.C.).

BUTTER: Butter markets remain weak as prices have dipped under the \$1.00 (the first time since January 1997) level in cash trading at the CME. Producers and handlers are questioning and have varying opinions as to where prices will settle during this downward trend. Churning schedules across the country are seasonally active with fully adequate cream volumes available. Producers report that Easter/Passover orders have been good and in instances, strong until midweek. During the week, a DEIP bonus was awarded at \$940/MT for 40 MT of butter destined for Africa and the Middle East and 284 MT of anhydrous milkfat at \$1,459/MT bound for the Caribbean, Central and South America. These were the first bonuses during the current DEIP fiscal year which began July 1, 1998, and runs through June 30, 1999. For the current year, 29,854 MT of butterfat is allocated for bonus application.

CHEESE: The cheese market is about steady on blocks and steady to firm on barrels. A weak undertone continues due to the expectation of seasonal increases in milk and cheese production. Many packagers and processors have planned a reduced schedule this week for the holiday observance. The reduced schedules impact the cheese volume needed and leaving those facilities. Cheese production remains seasonally heavy and well above year ago levels. Order lead times at many plants have declined. The Kansas City Commodity Office will host a conference at their office on April 15 for cheese manufacturers interested in the KCCO's new long term cheese procurement program. Contact Kathy Wienberg at 816-926-2514 by April 5 for details.

FLUID MILK: Milk production is increasing in most areas of the country. The exception may be the Deep South and Florida where contacts report that

the peak has been reached. In the Northeast and Upper Midwest, the milk flow is increasing along and above seasonal patterns. Milk output is strong in all areas of the West with some contacts reporting double-digit percentage increases from this time last year. Class I demand is often slower as many states' schools were on spring/Easter vacation this week. However, some contacts feel retailers will increase orders for delivery after April 1 when prices are sharply lower and the first of the month demand kicks in. Surplus milk volumes are often burdensome and pressuring many manufacturing plants' capacity.

DRY PRODUCTS: The dry, dairy product markets are, at best, steady. Weakness is creeping back into the dry whey market. Production is heavy and producer stocks are accumulating faster than demand is clearing. Some producers are currently balanced, but drying remains heavier than expected. The NDM market is steady to weaker as spot, low heat prices are at or below the support purchase price. The dry buttermilk market is steady and prices are unchanged to lower. The WPC market is mostly steady, but spot demand is sluggish and some price discounting was noted.

FEDERAL MILK MARKETING ORDER REFORM (DAIRY PROGRAMS): Agriculture Secretary Dan Glickman announced a major overhaul of the 60-year old federal milk marketing order program that will significantly streamline and improve the nation's wholesale milk pricing system.

The reforms announced include -- consolidating the current 31 federal milk marketing orders into 11; replacing the basic formula price (BFP); setting monthly prices for drinking milk (Class I) by using either the Class III or IV price (whichever is higher) plus a differential that varies by location; adopting a national system of Class I prices that is based, in part, on market distribution costs; and standardizing and consolidating certain details in the orders to provide consistent definitions of key terms and reporting requirements. The decision and additional background information can be accessed on the web at www.ams.usda.gov/dairy/reform.

CCC: During the week of March 29 - April 2, CCC purchased 4,733,573 pounds of NDM from Western producers.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY MAR 29	TUESDAY MAR 30	WEDNESDAY MAR 31	THURSDAY APR 1	FRIDAY APR 2	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2975 (+.0025)	\$1.3025 (+.0050)	\$1.3025 (N.C.)	\$1.3125 (+.0100)	CME	+.0175	\$1.3038 (+.0053)
40# BLOCKS	\$1.3300 (N.C.)	\$1.3300 (N.C.)	\$1.3300 (N.C.)	\$1.3300 (N.C.)	CASH	N.C.	\$1.3300 (N.C.)
NONFAT DRY MILK EXTRA GRADE	\$1.0150 (N.C.)	\$1.0150 (N.C.)	\$1.0150 (N.C.)	\$1.0150 (N.C.)	DAIRY	N.C.	\$1.0150 (-.0045)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	MARKETS	N.C.	\$1.0500 (N.C.)
BUTTER GRADE AA	\$1.0000 (-.0700)	-----	\$.9500 (-.0500)	-----	CLOSED	-.1200	\$.9750 (-.1417)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - March 29 - April 2, 1999

MONDAY, MARCH 29, 1999

CHEESE -- SALES: 13 CARS 40# BLOCKS: 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275; BIDS UNFILLED: 4 CARS BARRELS: 1 @ \$1.2975, 3 @ \$1.2950; 1 CAR 40# BLOCKS @ \$1.3300; OFFERS UNCOVERED: 6 CARS BARRELS: 1 @ \$1.3050, 5 @ \$1.3300

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 10 CARS GRADE AA: 1 @ \$1.0600, 1 @ \$1.0500, 1 @ \$1.0450, 1 @ \$1.0350, 1 @ \$1.0350, 1 @ \$1.0200, 1 @ \$1.0150, 1 @ \$1.0100, 1 @ \$1.0100, 1 @ \$1.0000; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$0.9800, 1 @ \$0.9500, 1 @ \$0.9000; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.0250, 1 @ \$1.0600, 1 @ \$1.0700, 2 @ \$1.0700

TUESDAY, MARCH 30, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 5 CARS BARRELS: 3 @ \$1.3025, 2 @ \$1.3000; 1 CAR 40# BLOCKS @ \$1.1000; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 31, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS @ \$1.3025; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.3125, 2 @ \$1.3200; 4 CARS 40# BLOCKS @ \$1.3300

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$0.9800, 1 @ \$0.9700, 3 @ \$0.9500; BIDS UNFILLED: 5 CARS GRADE AA: 3 @ \$0.9000, 2 @ \$0.8500; OFFERS UNCOVERED: 8 CARS GRADE AA: 1 @ \$0.9600, 1 @ \$0.9650, 1 @ \$0.9750, 2 @ \$0.9800, 2 @ \$0.9900, 1 @ \$1.0000

THURSDAY, APRIL 1, 1999

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.3025, 1 @ \$1.3100; 17 CARS 40# BLOCKS: 1 @ \$1.3225, 1 @ \$1.3250, 2 @ \$1.3275, 1 @ \$1.3300, 2 @ \$1.3275, 1 @ \$1.3300, 2 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300; BIDS UNFILLED: 4 CARS BARRELS: 2 @ \$1.3125, 2 @ \$1.3100; OFFERS UNCOVERED: 5 CARS BARRELS @ \$1.3300; 1 CAR 40# BLOCKS @ \$1.3300

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

THERE WAS NO TRADING SESSION HELD ON FRIDAY, APRIL 2.

BUTTER MARKETS**NORTHEAST**

The market tone is steady. Premium structures are unchanged. On the March 26 trading session at the CME, the butter close was down 3 cents from Wednesday's close to \$1.0700 and the weekly average was \$1.1167. Abundant milk supplies continue to encourage steady butter production. At the lower prices, some contacts are looking to hold butter until prices rise again. Contacts are unsure what the bottom to the butter market will be. Producer stocks are adequate to fully adequate and building. Demand is fair to good and churning activity is heavy.

CENTRAL

Butter markets remain weak following cash trading at the Chicago Mercantile Exchange. Producers and handlers are questioning and have varying opinions as to where prices will settle now that the cash price has dipped under the \$1.00 level. Butter production has been seasonally quite active as cream supplies are readily available to local butter operations. Butter stocks are reported to be fully available for current and future needs. Buying interest slowed this week as most orders had previously been shipped for upcoming Easter needs. Orders that were placed this week were for fill-in and last minute needs.

WEST

Butter prices have fallen 41.25 cents during March at the CME. Contacts are not sure at what level they will find a bottom. Demand for print butter remains excellent even on the Wednesday before Easter. Retail sales have been better than anticipated and stores are having to place late orders to restock shelves. Printers are often not able to fill all orders in a timely fashion. Some sales are being lost. Bulk sales are slower because buyers don't want any extra butter in a declining market. Sales activity to the food service industry was quite good. Butter production remains heavy even with the tilt pointing toward cheese. Cream offerings have been very heavy. Offerings of cream to the churns may slow somewhat as more ice cream manufacturing begins as the weather warms and pricing becomes more attractive for cream going into ice cream in April. No one believes that this will be enough to firm the market.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
MARCH 27	1.3090 6,163,706	1.2716 10,546,658	1.0153 18,966,947	1.1884 3,261,279	0.1918 6,500,379

Further data and revisions may be found on the Internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

NORTHEAST

CHEESE MARKETS

WEST

The market tone is generally steady. CME block weekly averages remain unchanged for the last 6 weeks. Natural cheddar items in the Northeast are also unchanged with process slightly higher. Steady milk production into the spring time flush continues to encourage heavy cheese production. Manufacturers are operating at capacity levels. Aging programs offer good interest with demand seasonally fair. Producer stocks are moderate and building.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3300-1.8175
Cheddar Single Daisies	:	1.3025-1.8175
Cheddar 40# Block	:	1.4725-1.6175
Process 5# Loaf	:	1.4900-1.6400
Process 5# Sliced	:	1.5100-1.7400
Muenster	:	1.5100-1.8125
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady, though a nervous or unsettled undertone remains. Some traders have expectations that seasonal increases in milk and cheese production may eventually weigh down prices. Most cutting/processing operations are planning to operate on reduced schedules this week due to the holiday, reducing their need for bulk cheese. Orders are generally moderate though lead times on "generic" versions of varieties like cheddar and mozzarella have declined. Offerings have not yet overwhelmed buyers. Cream cheese output has been active in recent weeks for filling holiday orders. More Swiss producers are passing along price declines with more volume Grade A block prices under \$2.00 per pound. Milk intakes, both local and out of area, expect to be higher during the holiday period. Cheese yields are drifting lower seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4775-1.7500
Brick And/Or Muenster 5#	:	1.7400-1.8000
Cheddar 40# Block	:	1.5925-2.1150
Monterey Jack 10#	:	1.7825-2.1150
Blue 5#	:	1.9275-2.2700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6625-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.5400-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : MARCH 29 - APRIL 2, 1999

BARRELS*	:	\$1.2875 - 1.3100 (NOMINAL)
	:	(-\$0.0025) (-.0025)
40# BLOCKS	:	\$1.3200 - 1.3600 (NOMINAL)
	:	

() Change from previous week. * If steel, barrel returned.

Prices are generally steady for most styles and varieties of cheese in the Western region. Cheese production is increasing more rapidly as more milk becomes available. More plants are operating closer to capacity levels. Milk handlers are hard pressed to find homes for all the surplus milk currently available due to spring breaks and the Easter holiday. Process cheese continues to move very well and therefore demand for barrels/processing solids remains strong. Mozzarella demand remains excellent. Swiss sales are strong enough to balance supply and demand.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4500-1.7075
Cheddar 40# Block	:	1.4525-1.5925
Cheddar 10# Cuts	:	1.6425-1.8525
Monterey Jack 10#	:	1.6625-1.8150
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.4800

FOREIGN

Prices and the market tone are unchanged. Domestic prices, usually predicated on the CME 40# block weekly average, have been unchanged since early February. Demand for imported or foreign type cheese is improved slightly this Easter/Passover week. Distributor stocks are generally adequate to cover current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6650-2.2750
Gorgonzola	: 3.2400-5.9400	: 2.3200-2.4900
Parmesan (Italy)	: TFEWR	: 3.0750-3.1050
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6650-1.9550
Romano (Cows Milk)	: -0-	: 2.8450-5.0800
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	:
03/29/99	15,912	: 103,022
03/01/99	16,171	: 103,484
CHANGE	-259	: -462
% CHANGE	-2	: -0

FLUID MILK AND CREAM

E A S T

Milk production is heavy with volumes generally unchanged from the last week. One contact in the Northeast reported a 6 percent increase in production compared to last year. The southern states are still the heaviest in production. Although Florida has already peaked, it is shipping out 120-130 loads of milk this week. This compares to last week's shipments of 85-95 loads. School spring break schedules have affected processing and Class I demand. Milk is being heavily diverted into manufacturing facilities and some fluid handlers are expressing concern over the April milk price drop. With a \$6.00 price difference, no one wants to build inventories until the lower price can be obtained. It is also worth noting that with the price drop, production interest in Florida also declined encouraging producers to cull their herds. As the tourist season ends in Florida with the Easter/Passover holiday, demand for milk decreases. Class I sales have dropped from last week and are seasonally slow. The condensed skim market is steady at mixed prices. April prices are attracting more interest with most contacts expecting improved movement next week. Demand is slow into Class II and somewhat better into Class III channels. Cream supplies are adequate to plentiful. Contacts supplying cream cheese and ice cream facilities seem to be in better balance. However, those supplying the butter market have noted decreases in movement due to the recent declines in the butter price and the abundant supplies of butter. The new multiple day trading is also having an impact on current buying patterns. Those people who price off of the weekly average are hesitant to buy given the lower prices appearing the following Monday. Cream prices are lower with multiples generally unchanged. Churning activity is heavy. Ice cream and cream cheese production is increasing although still seasonally fair.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.2842 - 1.5075
Delivered Equivalent Atlanta	-	1.2954 - 1.4964 M 1.3400 - 1.3959
F.O.B. Producing Plants: Upper Midwest	-	1.3375 - 1.4517

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.9500 - 1.5500
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MARCH 26 - APRIL 1, 1999	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	0

Class I use was irregularly steady to lower, affected in many areas by the closing of schools for spring/holiday breaks. Those school systems with very short breaks have minimal effect on Class I needs while those on longer breaks have more impact. A few retailers are running retail features starting April 1, to take advantage of sharply lower April Class I prices. Extra surplus fluid is expected to flow into manufacturing plants throughout the region as Class I sales diminish. A large volume of holiday surplus milk was booked early for manufacturing at \$0.75 - 1.00 under class/MCP. Surprise holiday loads will likely be discounted further to find a home. The surplus milk flow from Eastern and Southern locations continues. Cream interest is steady to improved, especially where plant operators are trying to build inventory for summer. Cream and milk interest was affected by the Iowa ice cream plant problems, causing some committed loads to seek a new home. Milk intakes vary from little changed from recent weeks to seeing a noticeable increase. Fat and protein tests continue to drift lower

seasonally. Unseasonably warm weather (70's in Wisconsin) stimulated the early start of the spring fieldwork season and opened many golf courses. While green grass is more common in Missouri and nearby states, the green up is slower further north, especially where very dry conditions prevail. Good progress has been made on spring seeding and many farmers were out breaking the soil crust in hopes that if rain comes, fields will dry up quicker.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 38.00	\$ 34.50- 41.00
REPLACEMENT HEIFER CALVES	\$200.00-255.00	\$120.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.50- 43.50	\$ 36.00- 40.75

W E S T

Most areas in the Southwest continue to be awash in milk. Weather conditions remain nearly ideal for cow comfort, feed is available and affordable, and production is responding. Strong output in California is beginning to cause handlers to be more creative in finding homes for milk. While some plants are more full than others, the more than seasonal increases in milk output are creating more havoc. Some producers are noting strong double-digit increases over 1998 levels. Hay harvesting is beginning in the southern Central Valley and second cutting is starting in the Imperial Valley. Arizona milk production continues to be well above a year ago levels. Most first crop alfalfa has been harvested and the second crop is regrowing. The lack of rain and mild temperatures are creating a good production environment. Some indications are showing milk at if not near peak levels in Arizona. Milk production also is strong in New Mexico. Output per cow is increasing, probably in response to the availability of good quality feeds along with good weather conditions. Cream sales are more sporadic this week. Not only does the holiday weekend disrupt plant and trucking schedules, but a major ice cream plant is down in the Midwest. The continued saga of how to price the cream continues. The basing point for the butter price remains the major problem. The menagerie of prices continues to cause disruptions in the market. Multiples are hard to assess this week and more loads were sold at whatever price it takes to move them. Additional loads were heading to the butter churns this week. Movements out of the region were mainly limited to contracts. Demand from ice cream producers showed only limited increases. Wet conditions continue to limit early season field work in the Pacific Northwest. The snow pack continues to build which is just increasing the chances of damaging floods. Milk production remains very strong with the mild weather. A number of contacts feel that the peak will be reached earlier than normal. Milk is being handled in an efficient manner in Oregon and Washington related to spring breaks and the Easter holiday. Most plants are anticipating that they will be full before the end of April. Culling rates are increasing and most producers are pleasantly surprised that cull cattle prices are holding rather steady even with the increasing volumes. Hay quality on the available offerings continues to deteriorate. Measurable snow fell over much of the northern Mountain States region this week. It didn't stay on the ground long and the moisture did not cause much of a problem. Quite a lot of the spring grain has been seeded. Hay fields are beginning to green up. Milk output is very heavy and firms are concerned about finding processing capacity this spring. A further concern is the number of dairy cows projected to be added to the region this summer and that will be milking in new or expanded facilities by this fall. Additional plant capacity will be needed to handle the volumes of milk.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 04/01/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are steady to lower and the market tone remains weak. However, some producers who earlier contracted for large-volume deals at the support price are now "comfortable" and moved prices fractionally higher. Conversely, other operations continue to produce more than current sales can clear and are discounting prices to attract some additional interest. Demand is slow to fair and buyers are often buying on an as needed basis. The NDM allocation for the current DEIP program has been filled since early March. Offerings to CCC continue, but to date, no Midwestern producer has made any offers.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0075 - 1.0375 MOSTLY: 1.0100 - 1.0150

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal. Some contacts note that there is a little more interest for dry buttermilk. Others, however, report little or no spot interest and steadily growing stocks. Production is moderate. Dryer time is occasionally limited by all the skim to be dried. Producer stocks are heavier than desired. Demand for liquid/condensed buttermilk is slow to fair.

BUTTERMILK: .6800 - .7400

DRY WHEY - CENTRAL

Prices are unchanged to lower. The market is showing more signs of weakness. Production is heavy as milk supplies increase seasonally. Producer stocks are growing faster than contacts had anticipated and demand remains slow. Some producers continue to clear output in a timely fashion while others report a sluggish spot market and growing stocks. More producers are discounting prices to attract interest while others are holding current prices as best they can. Spot buyers, seeing lower prices and increasing offerings, appear to be stepping back from the market to see just how far offering prices may go.

NONHYGROSCOPIC: .1700 - .1900 MOSTLY: .1800 - .1850

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on milk replacer and mostly steady on roller and delactose. Spot demand remains on an as needed basis and generally slow. Animal feed quality, dry whey offerings are more than ample to meet current needs.

MILK REPLACER: .1400 - .1550
STANDARD: TFEWR
ROLLER GROUND: .1925 - .2100
DELACTOSE (Min. 20% protein): .3075 - .3375

LACTOSE - CENTRAL AND WEST

Prices are steady to fractionally lower. The market tone is steady despite the slight adjustment to the upper end of the mostly range. Production levels range from moderate to heavy and reflective of the increasing volumes of milk moving through cheese plants. Producer stocks are fairly well balanced. Export and domestic contract sales clear the majority of product and domestic spot interest remains slow.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1500 - .2050 MOSTLY: .1600 - .1700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are steady to fractionally lower. The market tone is unsettled. As more weakness shows up in the dry whey market, contacts wonder how much of that market's weakness will spill over into the WPC market. Production levels are heavy and many producers comment on all the liquid or condensed whey that there is available in the marketplace. Demand is reported as steady to soft. Stocks are in a wide range of balanced to ample.

EXTRA GRADE 34% PROTEIN: .4600 - .5075 MOSTLY: .4750 - .4925

NONFAT DRY MILK - WEST

Western NDM prices are unchanged for low/medium heat, but lower for high heat. The market tone remains weak. Production levels are higher for low/medium powder as producers need to process the growing milk supply in the region. Cheese plants are not taking or necessarily wanting to take more milk and are not wanting additional condensed skim or NDM for fortification and standardization. This both increases milk and condensed that needs to be dried and limits demand for NDM. Overall, NDM demand is limited to contracts and a few spot trades. Moderate sales to the government continue. During the week of March 22 - 26, Western producers offered 2,657,130 pounds of NDM to the CCC under the price support program. Plants' stock levels are moderate to heavy.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9900 - 1.0300 MOSTLY: 1.0000 - 1.0100

HIGH HEAT: 1.0300 - 1.0400

DRY BUTTERMILK - WEST

Dry buttermilk prices continue to decline in a weak market. Additional pressure to move stocks has forced producers to lower prices in attempts to stimulate interest. Offerings are available from nearly all producers in the region. Few spot loads are trading on a regular basis. Drying is strong as butter churning grows. Inventory levels are moderate to heavy.

BUTTERMILK: .6500 - .7100 MOSTLY: .6700 - .6900

DRY WHEY - WEST

Mostly prices continue to decline for Western whey powder. Production is heavier than anticipated at most locations. Offerings are increasing and clearances are slowing. Most sellers are reducing prices in order to keep stock levels under control to some extent. They are only having limited success. Inventories are heavier than desired at most production locations and also at the reseller level. Domestic demand is fair at best. Buyers are not willing to acquire additional stocks if prices are continuing to decline. Export sales are spotty. Sales into some regions are normal, but into other regions activity is slow. Offering prices from the EU are also declining.

NONHYGROSCOPIC: .1775 - .2075 MOSTLY: .1800 - .1900

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended March 26, on powder sales of 9,778,436 pounds f.o.b. California manufacturing plants was \$1.0152 per pound. This compares to 10,860,264 pounds at \$1.0117 for the previous week ending March 19, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

The market tone is steady to weak with prices generally unchanged. Milk and condensed skim diverted into cheese plants alleviate some stress on dryers. School holidays are creating excess supplies of milk which most contacts believe will increase NDM production. Inventories are adequate to fully adequate. One contact stated that inventories were up 1 million pounds from last month, yet they were also in a better position than last year at this time. Demand is slow with regular commitments clearing product the best. Because of anticipated strong milk production in the following months, some contacts believe there will not be any price improvements in the near future. Drying schedules are moderate to heavy.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0100 - 1.0600 MOSTLY: 1.0200 - 1.0400

HIGH HEAT: 1.0400 - 1.1300 MOSTLY: 1.0600 - 1.1000

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1400

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

The market tone is steady with prices generally unchanged. Inventories remain in balance as producers prefer to move fluid rather than dry it. Most contacts have noted no changes in the market since the start of the new month but anticipate activity as the Class II price changes take full effect. Demand is slow with regular commitments moving product the best. Drying schedules are reduced and churning activity is heavy.

F.O.B. NORTHEAST: .7150 - .7300

DELVD SOUTHEAST: .7100 - .7750

DRY WHOLE MILK - NATIONAL

The market tone is steady and prices are unchanged. With an abundance of milk, most contacts are minimizing the amount of whole milk powder produced to save on dryer time. Contracts are easily met with spot demand no better than fair. Inventories are in balance at steady production levels.

F.O.B. PRODUCING PLANT: 1.1500 - 1.3200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH MARCH 26, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 84,212 MT* (185,653,773 LBS)

WHOLE MILK POWDER -- 5,003 MT* (11,029,613 LBS)

CHEESE -- 3,011 MT (6,638,051 LBS)

BUTTERFAT -- 0 MT

REALLOCATED NDM -- 26,258 MT* (57,888,386 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;
Cheese - 3,350 MT; Butterfat - 29,854 MT.

* Program allocations and reallocated volumes have been filled.

DRY WHEY - NORTHEAST AND SOUTHEAST

The market tone is steady to weak and prices are mixed. Grade A product is well cleared in some areas and Extra Grade is in better balance than last week. Discounting is not as prevalent as domestic and export interest increased marginally. Cheese production is heavy with mixed expectations for the upcoming flush milk volumes. Some plants are increasing milk intakes as the flush approaches while others may consider reducing intakes after the holiday due to excessive supplies. Inventories are adequate and building. Overall demand is slow and spot trading is minimal.

F.O.B. NORTHEAST: EXTRA GRADE .1700 - .1800

USPH GRADE A .1950 - .2025

DELVD SOUTHEAST: .2100 - .2250

ANIMAL FEED WHEY - NORTHEAST

The market tone remains steady and prices are too few to report. However, some contacts are reporting trade at 15-18 cents. Sales are still limited due to the lackluster interest in the livestock industry. Demand is slow to fair with regular commitments providing the best movement.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

The market tone is steady and prices remain unchanged. Production is moderate and demand is seasonally slow to fair. Inventories are in balance as manufacturers produce no more than necessary. The Kansas City Commodity office announced the purchase of 1,468,800 pounds of canned evaporated milk under EVD-1, invitation 550 at prices ranging \$.41100-.44900 per pound for delivery May 1-31, 1999.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

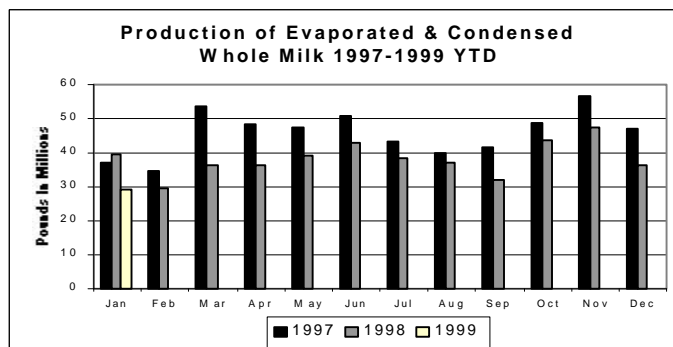
CASEIN - NATIONAL

Casein markets are generally steady, although the market tone remains weak. Stocks are reported to be readily available on a contracted and spot basis. U.S. buyers are not concerned about sufficient availability of both rennet and acid during the second quarter of the year and for the most part, anticipate prices to remain steady, if not lower.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.8600 - 2.0000

ACID: 1.9000 - 2.0000



COFFEE, SUGAR, & COCOA EXCHANGE (A Subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	03/17	03/18	03/19	03/22	03/23	03/24	03/25	03/26	03/29	03/30
CSCE/NYBT - BFP -- Dollars per cwt.										
MAR 99	11.32 (179) 22	11.37 (182) 4	11.43 (182) 1	11.40 (182) 0	11.38 (181) 0	11.40 (180) 5	11.38 (180) 0	11.40 (184) 4	11.41 (184) 0	11.41 (184) 0
APR 99	11.08 (173) 1	11.08 (173) 0	11.18 (173) 0	11.24 (183) 12	11.24 (180) 4	11.23 (180) 0	11.18 (180) 0	11.22 (176) 11	11.21 (174) 2	11.18 (177) 1
MAY 99	10.83 (96) 3	10.88 (96) 1	10.98 (97) 1	11.03 (97) 1	11.00 (97) 0	11.00 (97) 0	10.98 (97) 0	10.93 (99) 4	10.93 (99) 0	10.88 (99) 1
JUN 99	10.82 (102) 0	10.82 (103) 1	10.98 (106) 3	10.98 (108) 2	10.93 (108) 0	10.90 (108) 1	10.90 (114) 6	10.85 (114) 0	10.82 (115) 1	10.81 (115) 1
JUL 99	11.49 (54) 1	11.50 (54) 0	11.63 (47) 10	11.66 (47) 0	11.66 (47) 0	11.66 (47) 0	11.65 (47) 0	11.65 (47) 0	11.63 (47) 0	11.55 (47) 0
AUG 99	12.38 (70) 1	12.37 (70) 0	12.53 (72) 2	12.58 (73) 1	12.58 (73) 0	12.58 (73) 0	12.56 (73) 0	12.55 (73) 0	12.52 (73) 0	12.45 (74) 1
SEP 99	12.68 (80) 1	12.70 (81) 1	12.78 (81) 2	12.82 (82) 1	12.83 (82) 0	12.83 (82) 0	12.80 (82) 0	12.80 (83) 1	12.78 (84) 3	12.78 (84) 0
OCT 99	12.95 (78) 0	12.93 (78) 0	13.03 (80) 2	13.00 (80) 0	13.00 (80) 0	13.00 (80) 0	12.99 (80) 0	12.98 (81) 1	13.00 (81) 0	12.95 (81) 1
NOV 99	12.89 (38) 0	12.86 (38) 0	12.95 (39) 6	12.95 (40) 1	12.96 (40) 0	12.95 (40) 0	12.95 (40) 0	12.93 (40) 0	12.93 (40) 0	12.85 (42) 2
DEC 99	12.60 (30) 0	12.55 (30) 0	12.70 (31) 6	12.70 (32) 1	12.71 (33) 1	12.70 (33) 0	12.70 (34) 1	12.70 (34) 0	12.67 (34) 0	12.63 (34) 0
JAN 00	12.30 (8) 0	12.20 (6) 2	12.20 (8) 0	12.25 (8) 0	12.25 (8) 0	12.25 (8) 0	12.25 (8) 0	12.25 (8) 0	12.25 (8) 0	12.25 (8) 0

CME - BUTTER -- Cents per pound

MAR 99	124.00 (22) 3	124.00 (20) 2	120.00 (13) 4	118.75 (0) 0						
MAY 99	128.00 (17) 4	128.00 (17) 1	125.00 (17) 0	120.00 (26) 10	120.00 (26) 0	115.00 (26) 0	109.00 (30) 4	109.000 (30) 0	104.500 (41) 14	103.500 (61) 0
JLY 99	132.00 (47) 1	129.00 (48) 2	126.00 (54) 6	121.00 (54) 0	123.50 (57) 4	118.50 (57) 2	112.00 (59) 6	112.025 (63) 4	109.000 (75) 21	107.000 (94) 0
SEP 99	134.00 (177) 7	133.00 (179) 2	130.00 (181) 2	125.00 (182) 1	125.00 (182) 0	120.00 (183) 7	116.00 (186) 6	116.025 (190) 4	112.250 (191) 1	110.750 (192) 0
OCT 99	139.00 (1) 0	139.00 (1) 0	134.00 (2) 1	134.00 (2) 0	134.00 (2) 0	129.00 (5) 3	119.00 (5) 1	119.000 (5) 4	116.000 (17) 12	113.000 (31) 0

CME - BFP -- Dollars per cwt.

MAR 99	11.30 (1002) 2	11.40 (1003) 7	11.45 (1010) 14	11.43 (1014) 8	11.34 (934) 100	11.42 (942) 9	11.39 (941) 3	11.40 (940) 2	11.46 (934) 31	11.42 (934) 0
APR 99	11.05 (844) 11	11.06 (845) 2	11.20 (859) 34	11.22 (879) 24	11.25 (895) 37	11.22 (896) 12	11.16 (904) 16	11.28 (913) 17	11.21 (918) 17	11.18 (920) 5
MAY 99	10.79 (727) 12	10.86 (729) 9	10.96 (742) 18	11.02 (753) 27	10.75 (763) 30	10.97 (768) 5	10.82 (768) 12	10.86 (779) 22	10.88 (801) 27	10.85 (797) 0
JUN 99	10.81 (546) 35	10.82 (543) 5	10.95 (551) 28	10.99 (556) 10	10.90 (558) 10	10.91 (560) 10	10.86 (568) 8	10.88 (571) 8	10.84 (601) 31	10.83 (592) 0
JUL 99	11.46 (415) 18	11.47 (415) 0	11.60 (427) 17	11.65 (426) 31	11.61 (426) 4	11.60 (427) 1	11.60 (430) 5	11.61 (443) 22	11.53 (454) 12	11.50 (454) 27
AUG 99	12.36 (391) 1	12.35 (426) 37	12.55 (444) 27	12.50 (451) 16	12.50 (451) 2	12.50 (454) 5	12.41 (454) 0	12.52 (456) 5	12.40 (459) 10	12.39 (459) 1
SEP 99	12.72 (321) 0	12.71 (328) 7	12.81 (333) 12	12.84 (338) 11	12.86 (338) 1	12.79 (338) 0	12.80 (338) 0	12.85 (340) 17	12.82 (340) 0	12.81 (340) 0
OCT 99	12.98 (308) 2	12.96 (311) 8	13.00 (318) 20	13.00 (322) 5	13.02 (324) 6	12.97 (324) 0	12.97 (324) 0	13.02 (326) 2	12.99 (327) 1	12.97 (327) 0
NOV 99	12.85 (203) 1	12.84 (208) 12	12.94 (213) 14	12.91 (216) 8	12.95 (220) 4	12.86 (220) 0	12.86 (220) 0	12.89 (220) 0	12.89 (220) 0	12.86 (220) 0
DEC 99	12.65 (82) 0	12.61 (83) 1	12.70 (89) 11	12.72 (100) 22	12.74 (102) 2	12.74 (102) 0	12.72 (103) 1	12.72 (103) 0	12.69 (103) 0	12.65 (103) 1
JAN 00	12.22 (6) 0	12.20 (7) 1	12.20 (9) 2	12.20 (9) 0	12.22 (10) 1	12.22 (10) 0	12.22 (10) 0	12.22 (11) 1	12.22 (11) 0	12.22 (11) 2

1/ At the CSCE/NYBT Open interest for NDM -- 44,000 pounds per contract, Cheddar Cheese -- 10,500 pounds per contract, Fluid Milk -- 50,000 pounds per contract, BFP -- 100,000 pounds per contract. At the CME Open interest for Cheddar Cheese -- 40,000 pounds per contract and BFP -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 22 - April 2, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: The milk quota season has now come to a close with early reports indicating that overall milk production is expected to be slightly heavier than last quota year. Some producers in areas of heavier production indicated that end of March milk production was being withheld from the market and milk handlers expect to see a noticeable increase in milk marketings after April 1. The milk production season is getting a slower start in many European areas as wet conditions are limiting access to pastures. Milk producers would like to see 2 - 3 weeks of warm/dry weather patterns to allow pastures and crop land time to dry. Intervention clearances of skim milk powder continue with milk handlers anticipating heavier offerings as the spring flush builds. At this point, no significant international sales of powder are occurring or developing to slow intervention offerings. For the most part, European stocks will be most available with Oceania and U.S. sources out of the picture for the near term should improved buyer interest develop. Butter intervention and PSA is now open and butter stocks are clearing to both programs. Domestic sales of value added dairy products improved over the past few weeks as local shoppers prepare for the up coming Easter holiday period.

BUTTER/BUTTEROIL: European butter prices and markets are steady to weak. Butter stocks are sufficient to the point that surplus stocks are clearing to PSA and intervention. Butter handlers anticipate that intervention offerings will be active as seasonal milk production builds and international sales remain soft. Butter prices are reported to be near intervention levels and traders do not foresee prices dipping lower.

82% BUTTERFAT:	1,350 - 1,500
99% BUTTERFAT:	1,725 - 1,800

SKIM MILK POWDER (SMP): Skim milk powder markets are steady at unchanged prices. Intervention has been open for a month and traders indicate that about 16,000 mt of powder have been offered. Most traders anticipate that offerings will continue as the spring milk flush builds and international sales remain light. For the next few months, many European traders feel that they should be the sourcing region of the world to fill potential buyer needs. Slow international trading activity is being further limited due to the international unrest in Southern Europe.

1.25% BUTTERFAT:	1,210 - 1,300
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to weak. Overall buying interest remains slow. Stocks are reported to be in close balance, although most producers would be available to fill potential orders once they develop as milk production increase seasonally.

26% BUTTERFAT:	1,400 - 1,500
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SWEET WHEY POWDER: European whey markets are steady to weak. Prices are unchanged to generally lower with declining prices not attracting potential business. International buying interest is slow and unaggressive. Stock levels are low but available, or at least in the near future, to facilitate buyer interest.

NONHYGROSCOPIC:	400 - 550
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OVERVIEW: EASTERN EUROPE: Weather conditions in Eastern Europe continue to improve which will help seasonal milk production growth. As in Western Europe, international dairy product sales are slow and unaggressive, although minimal transactions are occurring. Stock levels are reported to be in close balance for current needs, although Eastern Europe is also nearing seasonal production increases. Many potential buyers are aware of world dairy product availability and are hesitant to pay asking prices from this region at this time. International unrest in southern areas of the region is adding to slow sales activity.

OCEANIA

OVERVIEW: Milk production in the dairy areas of the Oceania region continues to follow the trends of past weeks. In Australia, milk output in Victoria, the dominant production region of the country, is running about 7% heavier than a year earlier at the end of February. Combining this strong production with other regions, milk output in Australia on an annual basis is being projected to be about 4 - 5% above last season. New Zealand continues to adjust to lighter milk output when compared to last season. Basically, dry weather conditions have prevailed throughout the entire production season which is limiting milk output. New Zealand's milk output is being projected to be between 3 - 4% below last year levels. Herds in New Zealand are starting to be dried off for the season. International trading activity out of Oceania is slow and unaggressive. Stock levels of most manufactured dairy products are in close balance with butter being most available.

BUTTER: Butter markets are generally steady at unchanged prices. Trading activity out of Oceania is slow and unaggressive. Butter stocks are reported to be in fully adequate balance with additional volumes available for potential spot buyer interest. Butter producers and handlers do not see much new demand in the near future.

82% BUTTERFAT:	1,450 - 1,550
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CHEDDAR CHEESE: Cheese markets in the Oceania region are basically steady at unchanged prices. Demand from regular accounts continues to clear sufficient volumes of cheese to maintain inventories at comfortable levels. For the most part, stocks are reported to be in balance.

39% MAXIMUM MOISTURE:	1,750 - 1,850
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SKIM MILK POWDER (SMP): Skim milk powder markets are steady at unchanged prices. The milk production season is coming to a close, thus butter/powder output is also winding down seasonally. Stock levels are reported to be in close balance with current and projected demand, although minimal amounts of powder are moving internationally at this time.

1.25% BUTTERFAT:	1,300 - 1,350
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WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are generally steady. The market tone does not show any signs of strength at this time. Buyer interest is not aggressive, although Oceania traders feel that they would be able to facilitate possible transactions if they develop. Whole milk powder volumes are sufficient to the point that some additional stocks are available for potential spot buyer interest.

26% BUTTERFAT:	1,500 - 1,600
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Exchange rates for selected foreign currencies: March 29, 1999

.4871 Dutch Guilder	.5489 German Mark
.1637 French Franc	.5331 New Zealand Dollar
.1052 Mexican Peso	.6314 Australian Dollar
1.6153 British Pound	.0083 Japanese Yen
.2503 Polish Zloty	1.0735 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1052) = 9.5057. That is 1 US Dollar equals 9.5057 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR MARCH 1999 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 9	::REPORT NUMBER 10	::REPORT NUMBER 11	::REPORT NUMBER 12	::REPORT NUMBER 13	:: 1999	:: 1998
	::-----	::-----	::-----	::-----	::-----	:: Average	:: Average
	:: MAR 01 - 05	:: MAR 08 - 12	:: MAR 15 - 19	:: MAR 22 - 26	:: MAR 29 - 31	:: or Total	:: or Total

BUTTER

WHOLESALE SELLING DIFFERENTIALS, F.O.B. - BULK - TRUCKLOAD QUANTITIES

Due to a lack of consensus on the part of producers and buyers about the basing point for bulk butter sales, (previous Friday's close, previous week's average, date of sale, date of shipment, etc), Dairy Market News is temporarily suspending the reporting of premiums or discounts.

CHEESE

MIDWEST COMMODITY CHeddar

-- Cheddar Barrels	:: 1.2850 - 1.3050	:: 1.2825 - 1.3025	:: 1.2725 - 1.3025	:: 1.2900 - 1.3125	:: 1.2875 - 1.3100	:: 1.2947	:: 1.3343
-- Cheddar 40# Blocks	:: 1.3200 - 1.3600	:: 1.3200 - 1.3600	:: 1.3200 - 1.3600	:: 1.3200 - 1.3600	:: 1.3200 - 1.3600	:: 1.3400	:: 1.3737

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.4750 - 1.9000	:: 1.4725 - 1.9000	:: 1.4725 - 1.8500	:: 1.4800 - 1.8500	:: 1.4775 - 1.7500	:: 1.6670	:: 1.6269
-- Brick And/Or Muenster 5#	:: 1.8000 - 1.8900	:: 1.8000 - 1.8900	:: 1.7700 - 1.8000	:: 1.7700 - 1.8000	:: 1.7400 - 1.8000	:: 1.8091	:: 1.7673
-- Cheddar 40# Block	:: 1.5925 - 2.1150	:: 1.5925 - 2.1150	:: 1.5925 - 2.1150	:: 1.5925 - 2.1150	:: 1.5925 - 2.1150	:: 1.8538	:: 1.7701
-- Monterey Jack 10#	:: 1.7825 - 2.1150	:: 1.7825 - 2.1150	:: 1.7825 - 2.1150	:: 1.7825 - 2.1150	:: 1.7825 - 2.1150	:: 1.9488	:: 1.8701
-- Blue 5#	:: 1.9275 - 2.4200	:: 1.9275 - 2.4200	:: 1.9275 - 2.3000	:: 1.9275 - 2.3000	:: 1.9275 - 2.2700	:: 2.1379	:: 2.1098
-- Mozzarella 5 - 6#	:: 1.6625 - 2.2150	:: 1.6625 - 2.2150	:: 1.6625 - 2.2150	:: 1.6625 - 2.2150	:: 1.6625 - 2.2150	:: 1.9388	:: 1.8323
-- Grade A Swiss Cuts 6 - 9#	:: 2.5400 - 2.6850	:: 2.5400 - 2.6850	:: 2.5400 - 2.6850	:: 2.5400 - 2.6850	:: 2.5400 - 2.6850	:: 2.6125	:: 2.3825

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 10# Prints	:: 1.3300 - 1.8175	:: 1.3300 - 1.8175	:: 1.3300 - 1.8175	:: 1.3300 - 1.8175	:: 1.3300 - 1.8175	:: 1.5738	:: 1.6485
-- Cheddar Single Daisies	:: 1.3025 - 1.8175	:: 1.3025 - 1.8175	:: 1.3025 - 1.8175	:: 1.3025 - 1.8175	:: 1.3025 - 1.8175	:: 1.5600	:: 1.6360
-- Cheddar 40# Block	:: 1.4725 - 1.6175	:: 1.4725 - 1.6175	:: 1.4725 - 1.6175	:: 1.4725 - 1.6175	:: 1.4725 - 1.6175	:: 1.5450	:: 1.5914
-- Process 5# Loaf	:: 1.4850 - 1.6350	:: 1.4825 - 1.6325	:: 1.4800 - 1.6300	:: 1.4875 - 1.6375	:: 1.4900 - 1.6400	:: 1.5596	:: 1.6301
-- Process 5# Sliced	:: 1.5100 - 1.7350	:: 1.5025 - 1.7325	:: 1.5000 - 1.7300	:: 1.5075 - 1.7375	:: 1.5100 - 1.7400	:: 1.6201	:: 1.6607
-- Muenster	:: 1.5100 - 1.8125	:: 1.5100 - 1.8125	:: 1.5100 - 1.8125	:: 1.5100 - 1.8125	:: 1.5100 - 1.8125	:: 1.6613	:: 1.7760
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	:: 2.3775

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.4425 - 1.7025	:: 1.4425 - 1.7000	:: 1.4425 - 1.7000	:: 1.4500 - 1.7075	:: 1.4500 - 1.7075	:: 1.5741	:: 1.6197
-- Cheddar 40# Block	:: 1.4525 - 1.5925	:: 1.4525 - 1.5925	:: 1.4525 - 1.5925	:: 1.4525 - 1.5925	:: 1.4525 - 1.5925	:: 1.5225	:: 1.6418
-- Cheddar 10# Cuts	:: 1.6425 - 1.8525	:: 1.6425 - 1.8525	:: 1.6425 - 1.8525	:: 1.6425 - 1.8525	:: 1.6425 - 1.8525	:: 1.7475	:: 1.8232
-- Monterey Jack 10#	:: 1.6625 - 1.8150	:: 1.6625 - 1.8150	:: 1.6625 - 1.8150	:: 1.6625 - 1.8150	:: 1.6625 - 1.8150	:: 1.7388	:: 1.7869
-- Grade A Swiss Cuts 6 - 9#	:: 2.3000 - 2.4800	:: 2.3000 - 2.4800	:: 2.3000 - 2.4800	:: 2.3000 - 2.4800	:: 2.3000 - 2.4800	:: 2.3900	:: 2.4460

FLUID AND DRY PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

Delivered Equivalent:							
-- Northeast	:: 1.5611 - 1.8191	:: 1.5668 - 1.7985	:: 1.5591 - 1.8167	:: 1.4240 - 1.6717	:: 1.2842 - 1.5075	:: 1.6187	:: 1.7291
-- Atlanta	:: 1.5747 - 1.8191	:: 1.5747 - 1.8191	:: 1.5747 - 1.8191	:: 1.4364 - 1.6593	:: 1.2954 - 1.4964	:: 1.6252	:: 1.7459
-- Upper Midwest	:: 1.6813 - 1.7783	:: 1.6827 - 1.7849	:: 1.6813 - 1.7625	:: 1.5000 - 1.6222	:: 1.3375 - 1.4517	:: 1.6486	:: 1.7030

SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)

Delivered Equivalent:							
-- Northeast	:: 1.1500 - 1.5900	:: 1.1500 - 1.5500	:: 1.1500 - 1.5500	:: 1.2000 - 1.5500	:: 0.9500 - 1.5500	:: 1.3467	:: 1.0890

WISCONSIN FLUID MILK SHIPMENTS

-- Loads Shipped from Wisconsin Shipping Points	:: 0	:: 0	:: 0	:: 0	:: 0	:: 0	:: 0
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NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	:: 23.6200 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 27.6761	:: 27.7500

MONTHLY SUMMARY AND AVERAGES FOR MARCH 1999 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 9	REPORT NUMBER 10	REPORT NUMBER 11	REPORT NUMBER 12	REPORT NUMBER 13	1999	1998
	MAR 01 - 05	MAR 08 - 12	MAR 15 - 19	MAR 22 - 26	MAR 29 - 31	Average	Average
						or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Low/Medium Heat	1.0100 - 1.0400	1.0100 - 1.0375	1.0100 - 1.0375	1.0100 - 1.0375	1.0075 - 1.0375	1.0239	N.A.
-- Mostly	1.0100 - 1.0300	1.0100 - 1.0300	1.0100 - 1.0200	1.0100 - 1.0200	1.0100 - 1.0150	1.0168	N.A.
-- West (f.o.b.)							
-- Low/Medium Heat	1.0000 - 1.0300	0.9925 - 1.0200	0.9900 - 1.0275	0.9900 - 1.0300	0.9900 - 1.0300	1.0100	1.0309
-- Mostly	1.0100 - 1.0150	1.0100 - 1.0150	1.0050 - 1.0150	1.0000 - 1.0100	1.0000 - 1.0100	1.0093	1.0256
-- High Heat	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0400	1.0393	1.0525
-- Northeast (f.o.b.)							
-- Low/Medium Heat	1.0100 - 1.0800	1.0100 - 1.0500	1.0100 - 1.0600	1.0100 - 1.0600	1.0100 - 1.0600	1.0361	N.A.
-- Mostly	1.0300 - 1.0600	1.0200 - 1.0400	1.0200 - 1.0400	1.0200 - 1.0400	1.0200 - 1.0400	1.0333	N.A.
-- High Heat	1.0500 - 1.1500	1.0500 - 1.1500	1.0400 - 1.1500	1.0400 - 1.1300	1.0400 - 1.1300	1.0937	N.A.
-- Mostly	1.0600 - 1.1100	1.0600 - 1.1100	1.0600 - 1.1100	1.0600 - 1.1000	1.0600 - 1.1000	1.0833	N.A.
-- Southeast (Delvd)							
-- Extra & Grade A	1.0400 - 1.1400	1.0400 - 1.1400	1.0400 - 1.1400	1.0400 - 1.1400	1.0400 - 1.1400	1.0900	1.0717
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.1800 - 0.1950	0.1800 - 0.1950	0.1800 - 0.1950	0.1775 - 0.1950	0.1700 - 0.1900	0.1863	0.2390
-- Mostly	0.1800 - 0.1900	0.1800 - 0.1900	0.1800 - 0.1900	0.1800 - 0.1900	0.1800 - 0.1850	0.1847	0.2399
-- West (f.o.b.)	0.1900 - 0.2100	0.1900 - 0.2100	0.1800 - 0.2100	0.1775 - 0.2075	0.1775 - 0.2075	0.1963	0.2174
-- Mostly	0.1900 - 0.2000	0.1900 - 0.2000	0.1900 - 0.1950	0.1850 - 0.1950	0.1800 - 0.1900	0.1921	0.2177
-- Northeast Extra Grade (f.o.b.)	0.1800 - 0.1900	0.1800 - 0.1900	0.1800 - 0.1900	0.1650 - 0.1900	0.1700 - 0.1800	0.1821	0.2379
-- Northeast Usph Grade A(f.o.b.)	0.1950 - 0.2100	0.1950 - 0.2100	0.1950 - 0.2100	0.1950 - 0.2100	0.1950 - 0.2025	0.2020	0.2534
-- Southeast Extra Grade (Delvd)	0.2100 - 0.2250	0.2100 - 0.2250	0.2100 - 0.2250	0.2100 - 0.2250	0.2100 - 0.2250	0.2175	0.2683
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.4700 - 0.5150	0.4600 - 0.5125	0.4600 - 0.5125	0.4600 - 0.5125	0.4600 - 0.5075	0.4873	0.5993
-- Mostly	0.4800 - 0.5050	0.4750 - 0.4975	0.4750 - 0.4975	0.4750 - 0.4975	0.4750 - 0.4925	0.4873	0.6050
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.1500 - 0.1700	0.1500 - 0.1700	0.1500 - 0.1700	0.1500 - 0.1700	0.1400 - 0.1550	0.1584	0.2114
-- Standard	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR
-- Roller Ground	0.1925 - 0.2100	0.1925 - 0.2100	0.1925 - 0.2100	0.1925 - 0.2100	0.1925 - 0.2100	0.2013	0.2525
-- Delactose	0.3075 - 0.3375	0.3075 - 0.3375	0.3075 - 0.3375	0.3075 - 0.3375	0.3075 - 0.3375	0.3225	0.3538
-- Northeast (f.o.b.)							
-- Milk Replacer	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	0.6900 - 0.7400	0.6900 - 0.7400	0.6800 - 0.7400	0.6800 - 0.7400	0.6800 - 0.7400	0.7122	0.9506
-- West (f.o.b.)	0.6800 - 0.7200	0.6800 - 0.7200	0.6800 - 0.7200	0.6525 - 0.7200	0.6500 - 0.7100	0.6944	0.9163
-- Mostly	0.7000 - 0.7200	0.7000 - 0.7200	0.7000 - 0.7200	0.6800 - 0.7100	0.6700 - 0.6900	0.7028	0.9150
-- Northeast (f.o.b.)	0.7125 - 0.7500	0.7150 - 0.7300	0.7150 - 0.7300	0.7150 - 0.7300	0.7150 - 0.7300	0.7244	0.9550
-- Southeast (Delvd)	0.7100 - 0.7750	0.7100 - 0.7750	0.7100 - 0.7750	0.7100 - 0.7750	0.7100 - 0.7750	0.7425	0.9713
WHOLE MILK POWDER							
-- National							
-- National (f.o.b.)	1.2700 - 1.7300	1.1500 - 1.3200	1.1500 - 1.3300	1.1500 - 1.3200	1.1500 - 1.3200	1.2937	1.3350
LACTOSE							
-- Central And West (f.o.b.)	0.1550 - 0.2050	0.1500 - 0.2050	0.1500 - 0.2050	0.1500 - 0.2050	0.1500 - 0.2050	0.1780	0.2200
-- Mostly	0.1600 - 0.1750	0.1600 - 0.1750	0.1600 - 0.1750	0.1600 - 0.1750	0.1600 - 0.1700	0.1672	0.2200
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	1.9000 - 2.0500	1.9000 - 2.0500	1.9000 - 2.0500	1.8600 - 2.0000	1.8600 - 2.0000	1.9593	2.1773
-- Nonrestricted - Acid	1.9000 - 2.0000	1.9000 - 2.0000	1.9000 - 2.0000	1.9000 - 2.0000	1.9000 - 2.0000	1.9500	2.0750

1/ Prices for all products not footnoted 2/ are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing. 2/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR MARCH 1999

COMMODITY	REPORT NUMBER 9	REPORT NUMBER 10	REPORT NUMBER 11	REPORT NUMBER 12	REPORT NUMBER 13	1999 *	1998 *
	MAR 1 - 5	MAR 8 - 12	MAR 15 - 19	MAR 22 - 26	MAR 29 - 31	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday		1.3625	1.2800	1.1800	1.0000		
--Tuesday							
--Wednesday		1.3600	1.2350	1.1000	0.9500		
--Thursday							
--Friday	1.3625	1.3450	1.2000	1.0700		#	
--Weekly Average**	1.3625	1.3558	1.2383	1.1167	.9750 @		
CHEESE*							
-- BARRELS							
--Monday	1.2950	1.2850	1.2975	1.3025	1.2975		
--Tuesday	1.2950	1.2850	1.2975	1.3025	1.3025		
--Wednesday	1.2950	1.2950	1.2975	1.2975	1.3025		
--Thursday	1.2950	1.2975	1.3025	1.2950			
--Friday	1.2850	1.2975	1.3025	1.2950		1.2964	1.3343
--Weekly Average**	1.2930	1.2920	1.2995	1.2985	---		
-- 40# BLOCKS							
--Monday	1.3300	1.3300	1.3300	1.3300	1.3300		
--Tuesday	1.3300	1.3300	1.3300	1.3300	1.3300		
--Wednesday	1.3300	1.3300	1.3300	1.3300	1.3300		
--Thursday	1.3300	1.3300	1.3300	1.3300			
--Friday	1.3300	1.3300	1.3300	1.3300		1.3300	1.3737
--Weekly Average**	1.3300	1.3300	1.3300	1.3300	---		
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	1.0375	1.0375	1.0325	1.0325	1.0150		
--Tuesday	1.0375	1.0375	1.0325	1.0200	1.0150		
--Wednesday	1.0375	1.0350	1.0325	1.0150	1.0150		
--Thursday	1.0375	1.0325	1.0325	1.0150			
--Friday	1.0375	1.0325	1.0325	1.0150		1.0290	N.A.
--Weekly Average**	1.0375	1.0350	1.0325	1.0195	---		
-- GRADE A							
--Monday	1.0500	1.0500	1.0500	1.0500	1.0500		
--Tuesday	1.0500	1.0500	1.0500	1.0500	1.0500		
--Wednesday	1.0500	1.0500	1.0500	1.0500	1.0500		
--Thursday	1.0500	1.0500	1.0500	1.0500			
--Friday	1.0500	1.0500	1.0500	1.0500		1.0500	N.A.
--Weekly Average**	1.0500	1.0500	1.0500	1.0500	---		

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

No monthly average calculated to avoid confusion with the average used by Federal orders.

@ Because the CME was closed on April 2, a weekly average for butter was calculated for this report.

M A R C H 1999 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY 1998 - FEBRUARY 1999		76,304		
03/01	AFRICA & MIDDLE EAST	400	MAR-AUG	\$1,035
03/01	ASIA & FSU	300	MAY-SEP	\$1,045
03/02	ASIA & FSU	54	MAR-MAY	\$1,045
03/03	AFRICA & MIDDLE EAST	1,163	MAR-OCT	\$1,035
03/03	ASIA & FSU	1,076	MAR-AUG	\$1,045
03/04	CARIBBEAN, CENT & S. AM	3,000	MAR-NOV	\$1,014.50
03/05	CARIBBEAN, CENT & S. AM	1,705	MAR-APR	\$1,004.46
03/05	ASIA & FSU	210	APR-OCT	\$999
MARCH 1 - 31, 1999		<u>7,908</u>		
PROGRAM TO DATE		84,212*		
REALLOCATED - MARCH 1 - 31, 1999		0		
REALLOCATED - TOTAL		26,258*		
WHOLE MILK POWDER				
JULY 1998 - FEBRUARY 1999		5,003		
MARCH 1 - 31, 1999		<u>0</u>		
PROGRAM TO DATE		5,003*		
CHEESE				
JULY 1998 - FEBRUARY 1999		3,011		
MARCH 1 - 31, 1999		<u>0</u>		
PROGRAM TO DATE		3,011		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ - MONTEREY JACK, V - VARIETAL				
BUTTEROIL/ANHYDROUS MILKFAT				
JULY 1998 - FEBRUARY 1999		0		
03/31-B	AFRICA & MIDDLE EAST	40	APR-MAY	\$940
03/31-A	CARIBBEAN, CENT & S. AM	284	APR-MAY	\$1,459
MARCH 1 - 31, 1999		<u>324</u>		
PROGRAM TO DATE		324		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				PROGRAM-TO-DATE
TOTAL BONUS VALUE				92,550
				\$96,323,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds.

SOURCE: FOREIGN AGRICULTURAL SERVICE

* Program allocations and reallocated volumes have been filled.

Release No. 0144.99

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GLICKMAN ANNOUNCES MILK MARKETING ORDER REFORMS

WASHINGTON, March 31, 1999 -- Agriculture Secretary Dan Glickman today announced a major overhaul of the 60-year old federal milk marketing order program that will significantly streamline and improve the nation's wholesale milk pricing system.

"These reforms will help make sure that America's dairy farmers receive a fair price and that American consumers continue to enjoy an abundant, affordable supply of milk," said Glickman. "Our changes will also simplify the wholesale milk pricing system, making it more market-oriented and more equitable."

The milk marketing order program ensures the fair marketing and pricing of milk. It is not a dairy support program. The current dairy support program expires on December 31, 1999, unless Congress chooses to extend it.

Milk marketing orders classify milk by use, set minimum prices that handlers must pay for each class of milk, and provide for paying average prices to all dairy farmers who supply a particular region.

Though the program does not set retail prices, these reforms are expected to reduce the average price of drinking milk by about two cents per gallon.

The reforms announced today include --

- Consolidating the current 31 federal milk marketing orders into 11.

- Replacing the basic formula price (BFP), which is currently used to establish minimum prices for milk used in nearly all dairy products, with a Class III price for cheese and a Class IV price for butter and dry milk products. These new prices will be determined monthly and will be the same in all markets. This change better reflects the value of milk components (protein, butterfat, nonfat solids) used in manufactured dairy products.

- Setting monthly prices for drinking milk (Class I) by using either the Class III or IV price (whichever is higher) plus a differential that varies by location.

- Adopting a national system of class I prices that is based, in part, on market distribution costs.

- Determining monthly prices for milk used for soft products (Class II), such as yogurt and ice cream, by adding 70 cents to the Class IV price.

- Standardizing and consolidating certain details in the orders to provide consistent definitions of key terms and reporting requirements.

The newly consolidated orders must be approved by either two-thirds of producers in a marketing area or by producers who supply two-thirds of the milk in a marketing area. USDA will conduct producer referendums later this year. If approved by referendum, the changes will take effect on October 1, 1999.

The Secretary's final decision will appear in the Federal Register on April 2, 1999. The decision and additional background information can be accessed on the web at www.ams.usda.gov/dairy/reform.

Federal Milk Marketing Order Reform Final Decision

Background. The 1996 farm bill mandates USDA to reform the Federal milk marketing order (FMMO) program. Although the farm bill only specified that there be fewer orders, it also authorizes the Secretary to make other reforms to the FMMO program. The farm bill authorizes the creation of a Federal order for California, if producers in California want to establish an order within the FMMO program. The farm bill mandates that reforms be implemented by April 4, 1999, and that USDA use an “informal” rulemaking process to proceed with the reforms. Congress has extended the deadline for implementation of this reform until October 1, 1999.

What’s in the Final Decision? The final decision covers all aspects of the FMMO program, and contains provisions dealing with the following components of the FMMO program:

Consolidation - In accordance with the farm bill, the final decision provides for 11 milk marketing order areas, consolidating the present 31 milk marketing order areas.

Classified Pricing - The final decision provides changes to the level and manner in which milk is priced according to its use. For milk in the highest valued category, fluid use (Class I), two pricing options were presented in the proposed rule. The final decision adopts a Class I pricing structure that meets fluid milk demand by generating sufficient revenue for dairy farmers. It also provides incentives for greater structural efficiencies in milk assembly and distribution. These goals are achieved by adopting a Class I pricing surface based in part on the transportation costs of milk.

The Class II price will be set at 70 cents over the Class IV price in all Federal orders. The skim milk used in Class II would be advance priced in a manner similar to that described for Class I products, below. Class II products are soft manufactured products such as ice cream and yogurt, and fluid cream products. These products are considered to have a higher value than the storable, hard manufactured products in Class III and IV, but a somewhat lower value than highly perishable Class I products. Class III and Class IV prices are outlined in the section below on the Basic Formula Price.

Basic Formula Price (BFP) - The BFP has gradually become less representative of competitive conditions for milk for manufacturing uses over time. The current BFP is based on the Minnesota-Wisconsin price for unregulated Grade B (manufacturing-grade) milk (a dwindling share of all milk produced in those States and nationally) and a product formula updater to reflect current competitive conditions for manufactured products. The final decision replaces the BFP with Class III and Class IV prices based on multiple component pricing, which continues the tie between the price of milk used in fluid products and the price of milk used in manufactured products. The Class I price mover, announced on or before the 23rd of the month, will be based on the most recent 2-week estimate of the Class III or Class IV price for milk used in manufacturing, whichever is higher. To establish Class I prices, Class I differentials will be added to this base price. Use of the most recent 2-week average of prices will reduce the time lag in Class I prices relative to manufactured dairy product prices. Similarly, advance pricing for Class II, but using the Class IV price as a base price, will reduce the time lag in Class II prices relative to manufactured dairy product prices.

Classification & Identical Provisions - Many orders have similar provisions. Over time, each milk order has been amended to contain provisions that may be unique, but some provisions may be very similar to those in other orders. The identical provisions section of the final decision streamlines provisions, terms, and definitions applicable to all orders. The classification section recommends uniform provisions and makes minor changes from the current system of classification according to end use.

Informal Rulemaking Process for Reform. Congress authorized the use of informal rulemaking to reform the FMMO program. Since passage of the 1996 farm bill, USDA has sought public input to assist in developing the proposals for reform that are contained in the final decision. USDA took comments from interested parties into account prior to, and after, publication of the proposed rule. Comments were considered in the preparation of the final decision. Prior to October 1, a referendum will be held to determine approval for each milk marketing order by at least two-thirds of the producers affected by each new order.

Final decisions materials can be found at the Government Printing Office (paper copy of decision), 202-512-1800; Input Solutions, Inc. (CD-ROM copy of decision) www.inputsolutions.com/; or Internet (decision and other materials) www.ams.usda.gov/dairy/reform. For further information, contact your local Federal milk order market administrator or John Borovies, Chief, Order Formulation Branch at 202-720-7183.

	FOR THE WEEK OF MARCH 29 - APRIL 2			CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/98	LAST YEAR	03/26/99	LAST YEAR	
BUTTER								
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE								
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK								
Nonfortified	4,733,573	-0-	4,733,573	35,072,129	43,409,547	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	4,733,573	-0-	4,733,573	35,072,129	43,409,547	-0-	-0-	-0-

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF MARCH 29 - APRIL 2, 1999 =	1.0	55.1	COMPARABLE WEEK IN 1998 =	0.4	23.4
CUMULATIVE SINCE OCTOBER 1, 1998 =	7.7	408.2	CUMULATIVE SAME PERIOD LAST YEAR =	9.6	505.3
CUMULATIVE JANUARY 1 - APRIL 2, 1999 =	7.7	407.0	COMPARABLE CALENDAR YEAR 1998 =	7.8	413.9

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
 **Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL										
	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT			
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98		
MIDWEST	-0-	-0-	-0-	-0-	-0-	2,486,103	0.0	5.7		
WEST	-0-	-0-	-0-	-0-	35,072,129	40,813,269	100.0	94.0		
EAST	-0-	-0-	-0-	-0-	-0-	110,175	0.0	0.3		
TOTAL	-0-	-0-	-0-	-0-	35,072,129	43,409,547	100.0	100.0		

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Regions*		1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL		
1999-Dairy cows	HD (000)	0.2	1.0	5.8	5.9	16.5	2.4	2.3	0.9	10.4	3.6	49.1	520.6	47.7	42.9
1998-Dairy cows	HD (000)	0.3	1.6	6.2	5.1	16.5	2.8	2.4	0.9	10.7	3.5	50.0	633.2	52.6	49.2
1999-All cows	HD (000)	0.3	1.0	7.7	16.4	24.0	14.3	16.5	4.0	11.4	7.3	102.9	1,214.5		
1998-All cows	HD (000)	0.3	1.6	8.5	13.2	24.0	11.7	12.8	4.7	11.7	6.4	95.0	1,286.0		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, DN, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CCC MARKET PRICE PURCHASES 3/31

MAY DELIVERY

<u>MOZZARELLA</u>	<u>POUNDS</u>
LMPS	161,280 \$1.3350-1.3550

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 44,781,871

THIS COMPARES TO 43,811,645 DURING THE COMPARABLE PERIOD LAST YEAR.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

[illegible]